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DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

The Bureau of Railway Economics, in Bulletin No. 45, presents a study of *Railways and Agriculture 1900-1910* (Washington, 1913, pp. 31). It is shown that the output of railways for the decade increased in ton mileage 80 per cent; in passenger mileage 102 per cent. At the same time the output of the ten principal crops increased but 9 per cent. The output of railway service increased 40 per cent and 56 per cent respectively, per mile of track, while the ten principal crops decreased one per cent in yield per acre. The low average yield per acre of corn is contrasted with the high yields which have at times been attained, and the doubtful statement made that "per-acre yields of from 175 to 200 bushels are not uncommon."

Notice is taken of the supposed fact that "in the railway field much in the way of unproductive or relatively unproductive investment is demanded in the public interest." In contrast to this condition "the agricultural plant, eliminating natural forces, is within the control of the farmer; within a practicable limit he can produce as much or as little as he chooses, and hence the responsibility for a large or a small product per acre within this limit is his alone." The output of the railway, it is stated, is much less under its own control. It is pointed out that the railroads have been extending their plant rapidly; the farmer very slowly. "The improved land in the farms of the United States amounts to but one-half of the total farm area"; hence, "it is clear that it is not because the farmer has no more land to cultivate that he has not enlarged his field of operations." In this the suggestion is strong that the unimproved land is held as a kind of reserve to be used at will. Before basing too many conclusions on these statements a study of the situation with respect to improved and unimproved land would be illuminating. In comparing the output per unit of plant it is asserted that in the states in which the wheat crop decreased the yield per acre increased, proving that it was the poorer wheat land which was transferred. However, the same *proof* is observable in the states of North Dakota and Kansas in which the area of wheat increased more than anywhere else. As a matter of fact, the year 1909 was a particularly good year for high yields of wheat.

The closing chapters deal with relative purchasing power of out-

put and the relative service of agriculture and railways in relation to the growth of population. In purchasing power the farm output has increased over 50 per cent; the railway output has decreased perceptibly. In the relation of the services of agriculture and railways to each thousand of population, that of agriculture has decreased while that of railways has increased.

The pamphlet is suggestive, although the inferences which the authors evidently intend the reader to draw are in many cases not the correct ones so far as agriculture is concerned.

BENJAMIN H. HIBBARD.

If the *Proceedings of the Second Annual Conference of the Bankers Committees on Agricultural Development and Education* (Minneapolis and Saint Paul, Aug. 7-8, 1912, pp. 366) were only the record of an organization that listened to speeches, passed resolutions, and adjourned, it would not be worth comment here, but it is instead the record of the deliberations of earnest men in conference with teachers of agriculture, manufacturers, and railroad presidents. It is a compendium of information on the present condition of agriculture and of rural life, and on what is being done and still needs to be done to improve those conditions. The addresses before the conference brought out the familiar facts that our yield of grain is about one half as much per acre as in western Europe, that we are exhausting the elements of soil fertility by operations more akin to mining than to conservative agriculture, and that the rural districts are losing population to towns and cities and to Canada.

At the same time, many corrective influences are at work. Our agricultural colleges are educating large numbers of young men and women, but too few, after all, to have much influence through their own farm work. The graduates of agricultural colleges will be most valuable as teachers in agricultural high schools, and, with practical farm experience, as county farm advisers. The agricultural colleges in more than thirty states are carrying on a great deal of extension work, and are bringing a good many farmers to the colleges for short winter courses. As Mr. James J. Hill, president of the Great Northern Railroad, said at the conference, it is the boys and girls who must be reached. Minnesota has more than 85 agricultural high schools, in which the teaching of agriculture and of home economics, carpentry, blacksmithing, and the like has a leading place in the curriculum.

But efforts are being made to reach the boys and girls below the high school age. Rural school districts are being consolidated, with the result of having one really good, graded school instead of half a

dozen of the one-room type. In some cases the pupils are being brought to and taken from the schools at the expense of the district. The consolidated schools are social centers, and promote community life. The view is directed toward the farm, in order that when the time comes to choose a vocation the pupil may take at least as intelligent a view of the possibilities in the country as of possibilities in the city.

The addresses of Mr. Howard Elliott, president of the Northern Pacific Railroad, and of Mr. Hill, president of the Great Northern, were notable. Mr. Hill has been working for better agriculture nearly thirty years. One of the devices of his railroad is the hiring of some 180 farmers, each to cultivate five acres of his own land according to the directions of the railroad. The result is that the next year the farmers want to cultivate a great deal more of their own land on the same plan. Mr. Hill illustrated the results to his railroad by saying that one station which formerly produced a revenue of about \$5,000 per annum was now, on account of the activities of the railroad and a young graduate of an agricultural college, producing a revenue of about \$20,000 per annum. Mr. Elliott told how his railroad had taken the agricultural colleges to the people by means of demonstration trains, about 4,000 miles having been covered in that way in 1912, farmers coming as far as fifty miles to hear the addresses and obtain the advice of the many experts in various departments of agriculture. Naturally, Mr. Elliott did not fail to make an effective plea for fair treatment of the railroad interests.

Bankers have been spasmodically active on behalf of scientific agriculture. Individual banks have given prizes for the best acre of corn, and last year the clearing houses in the Southwest, and other bankers' agencies, sent out circulars about the testing of seed corn. The result was that although the crop of 1911 was on the average very poor for seed purposes, seeds were selected with such care that the crop of 1912 broke most records. The most comprehensive effort of the bankers has been made in North Dakota, where, assisted by the railroads and the Bankers' Association, the North Dakota Better Farming Association has been organized, with a secretary at \$5,000 per annum. The association has placed about 25 men in various parts of the state. They maintain rotation plots and demonstration fields. They carry on demonstrations with live-stock, because unless farmers keep live-stock there is no cheap way of maintaining soil fertility. In connection with individual farmers, the association has a limited number of demonstration farms. The association has an accounting

division with a system of daily reports of work done on the farms, and the money cost thereof, to show whether a particular crop or a particular cow is profitable. About 600 farmers have enlisted as co-operators, and they are illustrating the new agriculture by working their own farms under the direction of the association.

One of the formal addresses was by Edward Rumely, in which he said:

In 1830 the work of growing a bushel of wheat on the farm required three hours of human time. Today, due to the introduction of improved machinery, a bushel of wheat contains only ten minutes of labor value. In other words, the unit of soil salts, worth over 20 cents in each bushel, sufficed to furnish employment for three hours; while today the wheat-selling farmer must part with that amount of his soil capital to sell ten minutes of his labor—a development of 1,800 per cent in the wrong direction.

It is not impossible, however, to conserve fertility. The deplorable saving of time of which Mr. Rumely speaks has been partly due to the agricultural machinery his own company makes, but the result could be overcome if each farmer, after working ten minutes, would spend two hours and fifty minutes running around the barn or sitting on the fence. In this address and in others it is assumed that the exchange of a product which includes a considerable value in natural resources, for a product the value of which is chiefly in its labor cost, is necessarily disadvantageous to the owner of the natural-resource product. This is, of course, not the case. One who, for example, sells 50 bushels of wheat for a watch, presumably receives something as valuable as the grain he delivers. What Mr. Rumely meant, and what later in his address he ably developed, was that tremendous national, economic gain will result from the increased efficiency and productivity that our labor will acquire through vocational training. But we shall continue to grow wheat with as little labor per bushel as we can, and we shall welcome fresh inventions that reduce the labor required.

Since the conference, bankers all over the country have been considering the employment of county farm advisers. Many advisers are already at work, experts at \$3,000 or so per annum, who can visit individual farms, tell what is the matter with the alfalfa stand, how to improve the corn yield, and give all manner of practical advice. Sometimes the bankers of the county and the commercial club at the county-seat pay all the cost; sometimes the county pays it, sometimes it is divided. One farmer rose in a meeting at the court-house and said the farm adviser idea was a malicious scheme to promote

the raising of such large crops as would depress the price, so that the farmer would receive less than ever. Most farmers know better, however. The work of the agricultural colleges has in recent years somewhat changed their attitude toward that part of learning that is acquired by study.

The amount produced per acre on American farms can be increased. Professor Carver points out that such increase does not necessarily imply an increase of product per man. The evidence of the volume under review warrants the belief that an increase of agricultural production both per acre and per capita is close at hand. The social value of such conference of business men and teachers is inestimable. Our primary education has been largely shaped for the needs of the two per cent who go to college instead of for the ninety-eight per cent who do not, or for the ninety-three per cent who do not reach the high school. A proper change in this respect will not impair the standing of our universities. The problems of American agriculture and education are real and serious. It is most encouraging that they are receiving the attention of so many practical men.

THORNTON COOKE.

The full text of part I of the report on *The Lumber Industry*, of which a summary was issued by the Bureau of Corporations in 1911 (see REVIEW, vol. I, p. 410), has now been published (Washington, Jan. 20, 1913, pp. xxiii, 301). The volume deals with standing timber only. It contains a reprint of a map, originally published in 1883, showing the land grants made by the federal government for railroads, with changes bringing the data down to date.

Tobacco Marketing in the United States, by E. H. Mathewson, contains a considerable amount of first-hand data in regard to current methods of distributing tobacco from the plantation to the manufacturers. There are chapters on the Maryland system, the loose-leaf auction-sales system, and the development of the western markets. (Washington, Dept. of Agriculture, Bureau of Plant Industry, Bull. No. 268, Jan. 24, 1913, pp. 67.)

Notes on Agricultural Conditions in Denmark is practically a summary of the lectures delivered in 1912 in various Southern states, by Minister Egan at the Court of Denmark. (Sen. Doc. No. 992, 62 Cong., 3 Sess., Jan. 4, 1913, pp. 34.) Exact data are presented in an attractive form.

Impressions of a visit to the Panama Canal are recorded in a pamphlet by Mr. Frank Trumbull, of the Chesapeake & Ohio Railway

Co. (71 Broadway, N. Y.). Comparisons of canal and railway service are offered in a spirit of cheerful wit and humor.

The Wisconsin State Board of Public Affairs has issued two additional parts in its *Report upon Coöperation and Marketing*. Part III deals with municipal markets (pp. 59); and part IV, with distribution or state coöperation (pp. 40). Part III was prepared by John F. Sinclair and Clark Hallam, and part IV by Mr. Sinclair alone. Data for municipal markets were obtained for European cities from consular reports, and for the United States, Canada, and Australia, by private correspondence. For this subject there is a six-page bibliography, with annotations by W. E. Jillson.

In an address on *Rural Health and Welfare*, delivered at the American Land and Irrigation Exposition in New York in Nov., 1912, Mr. Frederic L. Hoffman dwelt upon the more favorable experiences of the country as compared with cities, as to longevity and diminished disease liability. The published pamphlet contains a page of references of publications on farming for city-bred men.

Corporations

The "Seven Sisters" acts, passed in the state of New Jersey, on February 19, 1913, have attracted wide attention for two reasons: first because New Jersey has in the past been among the chief offenders in preventing progress towards the solution of the trust problem, and second, because they are thought to express the views of President Wilson in this regard. They consist of two new acts, three amendments to the Corporation act of 1896, and two amendments to the act concerning the punishment of crime, of 1898.

An analysis of the acts shows that several important principles are inaugurated.

(1) A trust is defined as being an "agreement between corporations, firms or persons" for any of the following purposes: (a) to create restrictions in trade or to acquire a monopoly, (b) to limit production or increase price, (c) to prevent competition, (d) to fix at any standard or figure the price of an article, (e) to preclude, directly or indirectly, free competition either among themselves or with others, (f) to make even oral agreements or have understandings whereby prices are affected.

(2) The personal responsibility of directors, officers, or agents for their acts is established, and they are made punishable for misdemeanor if found guilty.

(3) The signed details of purchases must be filed with the secretary of state, subject to inspection.

(4) Corporations are forbidden from asking different prices in different sections, with allowance, however, for differences of grade or quality and cost of transportation, "if the effect or intent thereof is to establish or maintain a virtual monopoly hindering competition or restriction of trade."

(5) Persons organizing, or wilfully using or suffering to be used a corporation, not only, as heretofore, for fraudulent purposes, but also "to be used in restraint of trade or in acquiring a monopoly" shall be guilty of a misdemeanor, and punishable.

(6) Permission to "purchase, acquire, hold and dispose of the stocks of other corporations of this state or elsewhere, and exercise in respect thereto all the powers of stockholders thereof" is withdrawn and definitely prohibited, except for certain purposes, namely: (a) as payment for debt, (b) as a temporary investment for surplus funds in a non-competing corporation, (c) as investment for benefit or insurance funds, (d) for depreciating or rebuilding purpose, or (e) as elsewhere permitted (§3), under inspection. This, however, expressly does not affect rights heretofore acquired.

(7) Mergers are to be approved by the board of public utility commissioners, and filed with the secretary of state, with a special provision that rights of creditors are not to be impaired.

OSWALD W. KNAUTH.

During January and February hearings were held before the Committee on the Merchant Marine and Fisheries of the House of Representatives on House Resolution 587 which called for an investigation of the so-called Shipping Combine. In all, 19 parts of these hearings have been published covering dates Jan. 7—Feb. 8, 1913 (pp. 1060). Aside from the special question of combination in the shipping industry, they contain much valuable information in regard to South American commerce and commercial practice between that continent and the United States.

The *Summary of the Report of the Commissioner of Corporations on the International Harvester Company* was issued March 3, 1913 (Washington, 1913, pp. 37). It is concluded that the position of the company is chiefly attributable to a monopolistic combination in the harvesting machine business, to certain unfair competitive methods, and to superior command of capital.

The *Annual Report of the Commissioner of Corporations* for 1912 (Washington, 1913, pp. 24) contains in two pages a concise gen-

eralization and summary of the two opposing principles of trust regulation. Mr. Conant, the commissioner, presents a ten-year review of the work of the bureau, and there is a bibliography of all the reports published.

A report of the Senate Committee on Interstate Commerce was submitted February 26, 1913, relating to *Control of Corporations, Persons, and Firms Engaged in Interstate Commerce* (Sen. Rept. No. 1326, 62 Cong., 3 Sess., pp. 24). It is a clear statement of the trust problem as it exists today, the more valuable in that it is brief and direct in expression. The majority of the committee believes in the Sherman act; does not recommend a federal incorporation law; and thinks it desirable to impose further restrictions upon those engaged in interstate commerce in order to maintain competitive conditions. It does not approve of governmental price regulation. The trend of judicial interpretations of the Sherman act is analyzed by a selection of eight typical cases adjudicated by the Supreme Court. The report favors the appointment of a commission (possibly an evolution of the Bureau of Corporations) to investigate, to impose rules upon corporations engaged in interstate commerce, for example, as to capitalization, and to recommend methods of disintegration.

Further issues of the Department on Regulation of Utilities of the National Civic Federation (1 Madison Ave., New York) are *Establishment and Change of Rates* (pp. 153); *Discrimination in Rates and Service* (pp. 149); *Regulation of Service* (pp. 69).

The National Association of Railway Commissioners has published a *Select List of References on the Valuation of Public Service Corporations*, compiled by Mary M. Rosemond, legislative reference assistant of the Iowa state library (pp. 25).

D. F. Jurgensen, Engineer of the Minnesota Railroad and Warehouse Commission, has published a brief pamphlet on *Railroad Valuation; Reproduction Cost New as a Sole Basis for Rates* (St. Paul, 1912, pp. 13). It is argued that the "cost of reproduction new" in principle as adopted by the master in the case, *Shepard v. Northern Pacific Railway Co.*, is erroneous.

In its *Report and Order in the Matter of Rates of the Public Service Gas Company for Gas* (Trenton, Dec. 26, 1912, pp. 66), the New Jersey Board of Public Utility Commissioners takes strong ground in favor of the strict cost-of-service theory as a basis of rate regulation. It flatly rejects present or past capitalization and earning

capacity, as well as present cost of reproduction, as elements in the problem. It allows an estimated return of 8 per cent, though without committing itself to any particular rate of return for all cases, on the estimated value, measured by cost, of physical plant and business developed and attended thereto. No allowance was made for good-will or value of franchises, but going concern value was allowed, even if acquired by the reinvestment of exorbitant past profits.

A. N. H.

H. T. Newcomb has prepared *An Examination and Analysis of the Postmaster General's Proposals Concerning Railway Mail Pay for the Committee on Railway Mail Pay* (pp. 86). It is claimed that the Postmaster General made important errors, and that the proposed reductions are unjust.

The Report of the Public Service Commission of New Hampshire on an Investigation of Railroad Rates (Concord, 1912, pp. 377) is one of the numerous documents called forth by the bitter controversy in New England in regard to the control and management of the Boston and Maine Railroad. Apart from this special import, it has a general interest as an illustration of a thoroughgoing inquiry into the principle of rate making. Chapter 12 deals with the subject of valuation of railroad property.

Labor

REORGANIZATION OF THE NEW YORK STATE DEPARTMENT OF LABOR. A general reorganization of the New York State Department of Labor is effected by an act passed in March, 1913. This law is the outcome of the work of a special factory commission, which has been making investigations for two years, and is regarded as the most important feature in a general program of reform and progressive legislation concerning conditions of work in factory and mercantile establishments proposed by that commission in more than a score of bills, a number of which have already been enacted, while the passage of most, if not all, of the others is generally regarded as certain. The most significant steps in advance provided for by the reorganization are: (1) an increase of inspection work; (2) an increase of investigation work; (3) regulation of conditions of work by departmental rules; (4) an increase in educational work.

More effective inspection work, both quantitatively and qualitatively, is the promise of the new law, by reason of an increase in number of inspectors and by provision of better salaries and a larger staff of technical men. More advanced than this, however, is provision

for more constructive investigation work by the creation of a new division of industrial hygiene, to consist of a physician, a mechanical engineer, a chemical engineer, and a civil engineer, with ten investigators, and whose duty it will be to make special investigations, with a view to formulating regulations and standards, with regard to industrial hygiene and safety.

Most advanced of all and of largest promise for future progress is the creation of an entirely new function and agency in the department—an industrial board, with power to issue rules and regulations, either in fulfillment of or supplemental to existing provisions of law, with a view to the protection of the lives, health, and safety of employees, such rules and regulations to have the force of law. In this board is embodied the idea of regulation of the conditions of work by administrative rules, long familiar in European practice and lately inaugurated in this country by Wisconsin in its industrial commission. The New York board is to consist of five members, including the commissioner of labor as chairman and four associate members appointed by the governor. The associate members will devote only the necessary time to the work of the board. Its essential function will be to pass upon and enact rules and regulations to be recommended by the division of industrial hygiene above referred to. The board will have no administrative functions outside of its own body, the entire administrative machinery of the entire department being under the sole control of the commissioner of labor appointed by the governor. The board is given power, however, to investigate and report upon “all matters touching the enforcement and effect” of the labor law or rules and regulations established by the board.

Finally, while neither so new nor so prominently featured in the new law as any of the above, but equally in harmony with present-day ideas in the regulation of industrial conditions, is the distinct purpose in the new law to enlarge the educational functions of the department. This is reflected most definitely in a redrafting of the sections regulating the Bureau of Labor Statistics (with a change of title to Bureau of Statistics and Information) with a view to enlarging its work and by inclusion of such educational work in the functions of the division of industrial hygiene also.

L. W. HATCH.

The Bureau of Labor of the Department of Commerce and Labor has begun a new series of bulletins under the title *Industrial Acci-*

dents and Hygiene Series. No. 1 is devoted to Lead Poisoning in Potteries, Tile Works, and Porcelain Enamel and Sanitary Ware Factories (Washington, Aug. 7, 1912, Bulletin Whole No. 104, pp. 95). The study is prepared by Dr. Alice Hamilton.

Bulletin 109 (Miscellaneous Series, No. 1) of the federal Bureau of Labor deals with *Statistics of Unemployment and the Work of Employment Offices* (Washington, 1913, pp. 147). The text is prepared by Frank B. Sargent. Of special value is the treatment of the sources of statistical data. The writer is unable to explain the high percentage of unemployment among organized workers in New York, as compared with conditions reported upon in Massachusetts, or by federal inquiries. All the sources of information indicate that the most important cause of idleness is lack of work. The listing of public employment offices and their experience is exhaustive.

In the published *Proceedings of the International Association of Bureaus of Labor, Factory Inspection and Industrial Commissions, Twenty-Eighth Annual Convention*, held in Washington in May, 1912 (John W. Smith, secretary, Detroit, pp. 116), emphasis is laid upon the workings of compensation acts and the operation of free employment offices.

The Factory Inspection Department of the Board of Public Welfare of Kansas City, Mo. and the St. Louis School of Social Economy have jointly published a pamphlet on *Industrial Accidents in Missouri*, a report of investigation made in St. Louis and Kansas City (pp. 50). The Kansas City analysis is based upon an intensive study of the first 100 accidents reported in that city in 1912. Tables show the action taken by the injured, by whom expenses were paid, number insured, dependents in case of fatality (15 out of the 100), distribution according to age, wages received, day of the week in which accident occurred, and time of day. There are also several photographs illustrating the effects of certain accidents.

The St. Louis report is a study of 220 fatal accidents out of a total of 943 occurring during 1910 and 1911. Here an attempt was made to assign the fault of the accident.

The report is suggestive, both as to positive results and method, and should be of service to those interested in framing laws affecting workmen's compensation.

The Report of the Employers Liability Commission to the Governor of Iowa, 1912 forms a bulky volume (Des Moines, 1912, pp. 159, 250). The first part is concerned with a report containing a bill; the second

part has a reprint of the hearings. Of general interest is the summary of Iowa accident reports (pp. 84-94), and the comparative study of employers' liability insurance based upon the returns of companies doing business in Iowa for ten years, 1902-1911. A comparison is made showing the results of such companies of the country at large and of the state of Iowa.

The Report of the Board of Arbitration in the Matter of the Controversy between Eastern Railroads and the Brotherhood of Locomotive Engineers has finally been printed as of date November 2, 1912 (pp. 123). Apart from the immediate question under consideration, students of economics will be interested in the pages devoted to inter-corporate relationships and the growth of railroad systems. There is also an interesting page on "The Basis of a Fair Wage" (p. 47). The board was unable to find a standard for determining the base of wages other than by a comparison of the wages of the engineers under consideration with those of other systems. The volume is handsomely printed.

No Northern investigator of child labor in Southern mills has presented a more vivid picture of the misery involved in this industrial system than is to be found in the opening pages of the *Annual Report of the Factory Inspector of Alabama for 1912* (Montgomery, 1912, pp. 144).

In the *Nineteenth Annual Report of Factory Inspection of Rhode Island* (Providence, 1913, pp. 18), Mr. J. E. Hudson, the child factory inspector, renews his recommendation that provision be made for a physical test for children under 16 years of age to determine qualifications for work. Photographs illustrate the absurdity of applying simply the age test.

The Preliminary Report of the Factory Investigating Commission of New York appears in three large volumes (Albany, Sen. Doc. No. 30; vol. 1, pp. 837; vol. 2, pp. 986; vol. 3, pp. 987-1986). The first volume contains a summary of the work done by the commission, recommendations as to the fire hazard in factories, factory inspection, sanitation of factories, occupational diseases and industrial poisoning, bakeries, manufacturing in tenements, employment of women, and child labor; also reports by special experts, among whom were Dr. George M. Price, Miss Goldmark, and Mr. E. E. Pratt. Volumes 2 and 3 contain the minutes of public hearings. Although factory conditions have been repeatedly reported upon in one phase or another, this inquiry was exceptional in its breadth and thoroughness.

The Fifth Annual Report of the State Inspectors of Health of Massachusetts, reprinted from the *Forty-third Annual Report of the State Board of Health for 1911* has been issued as a separate pamphlet (Boston, 1912, pp. 84). Several pages are devoted to sanitation of factories and workshops, with comment on the attitude of Massachusetts manufacturers toward the health of employees and a section on the hygiene of the boot and shoe industry.

The initial experience of the Industrial Accident Board of Massachusetts, in charge of the administration of the new workmen's compensation act, is described in a series of bulletins issued quarterly, beginning with September, 1912. No. 2 (pp. 14) contains *Decisions and Rulings*, and No. 3 (pp. 19) analyzes the actual cost of the law for 25,000 employees of selected hazard for the first four months.

Money, Prices, Credit, and Banking

The money trust investigation of the Pujo Committee has been finished (see REVIEW, vol. III, p. 201), and in complete form the record includes 29 parts (pp. 2226). There is a separate pamphlet containing tables showing interlocking directorates. The report of the committee has also been issued. The majority report calls for drastic reforms (pp. 245, diagrams); and the minority report criticises the way in which the testimony was assembled and denies the efficiency of some of the proposed reforms (pp. 14).

To these documents is to be added a *Letter from Messrs. J. P. Morgan & Co.* (N. Y., Feb. 25, 1913), written to the Pujo Committee amplifying the testimony previously presented by members of the firm.

While the Committee on Banking and Currency was investigating the money trust, a subcommittee, under the chairmanship of Mr. Glass, took testimony on the subject of currency reform. These hearings were held between January 7 and February 17, and the record appears in 13 parts (pp. 690). It contains much valuable evidence. Among those examined were: A. B. Hepburn, Victor Morawetz, P. M. Warburg, ex-Secretary Shaw, Professor Laughlin, E. D. Fisher, Ludwig Bendix, W. A. Nash, G. M. Reynolds, A. J. Frame, J. V. Farwell, S. Wexler, Sir Edmund Walker, and Professor Meeker.

At a meeting of the Chamber of Commerce of New York, March 6, 1913, Professor Joseph French Johnson, in behalf of the Committee

on Finance and Currency, presented a report on proposed stock-exchange legislation. The report is printed in the *Monthly Bulletin* for April, pp. 6-9.

Where Present Bank Examinations are Weak, and How the Law should be Changed to Make Them more Effective, by Oscar Thompson, national bank examiner (Los Angeles, California, pp. 28), discusses the difficulties of determining the integrity of commercial paper.

Public Finance

TAXATION OF CORPORATIONS IN CONNECTICUT. A leading lawyer long prominent in public affairs, a well-trained economist, and the very capable tax commissioner of the state make a balanced commission; and their report is correspondingly valuable, at once abreast of present science and pointedly attentive to the real condition and practical needs of the state. (*Report of the Special Commission on Taxation of Corporations paying Taxes to the State*, by John J. Walsh, Fred R. Fairchild, and William H. Corbin, Hartford, 1913, pp. xii, 238.) In briefest possible terms, the report may be described as a plea for a simplified taxation of corporations according to their gross earnings. There is a brief analysis of scientific principles, to show the general superiority of gross earnings as a base for taxes; thereafter the commission is consistent in its advocacy of this base for the several classes of corporations to be taxed, directly and in terms where, as in public service corporations, such a base is practicable; elsewhere indirectly, through some fair criterion.

For the intelligent citizen of Connecticut and for the specialist in taxation the report is of great value throughout. While, naturally, the general scientific analysis is of rather narrow range, it is usually close and good, and it is clear everywhere. Notable illustrations are found in the brief general introduction and in the discussion of the taxation of insurance companies. Even higher merit, however, must be assigned to the report for its elaborate historical and descriptive account of Connecticut's corporation taxes, its criticism of their working, and its suggestions of change.

For the railways, especially the steam lines, the greatest faults are found in the base for taxation, market values of stock, and in the very complicated allowances of deductions. Of late years high finance in the chief steam system has cut market prices of stock in half and has developed such elaborate intercorporate relations that the state taxes have actually fallen off, something near \$400,000 in the two years from 1910 to 1912, whereas both business and earnings

have increased. Express companies are already taxed upon gross earnings, but roughly and unequally. Telegraph and telephone companies are taxed upon units of equipment. Car companies are not taxed at all, as until just now nearly all sleeping, parlor, and dining cars have been under the direct management of the chief operating railway, and freight cars have been ignored.

General banking and trust companies and stock insurance companies—all, especially the last, very important in Connecticut—are now taxed upon the market values of their shares; and for all these the commission proposes merely the substitution of book values for market values. For mutual insurance companies, another important source of revenue in Connecticut, the change proposed is from something like gross assets to income from investments and from premiums on Connecticut business. Savings banks are now taxed upon deposits, with certain important deductions; and the commission would retain the present base but allow another important deduction, for loans upon Connecticut real estate. Building and loan associations are not now taxed at all; and the commission would assimilate them as nearly as may be to savings banks.

The change in the character or base of the taxes where change is proposed, the commission would facilitate practically by adjusting the rates so as to produce at once but few important changes in burden or yield. Upon the assumption that property generally, in Connecticut and the country over, is taxed at about one per cent of its true value, an attempt is made in each case to ascertain what rate upon gross earnings or other approved base would be the equivalent of one per cent upon principal values. The resultant rates for gross earnings are as follows: steam and electric railways, 4.75 per cent; car and telephone companies, 3.75 per cent; telegraph companies, 3 per cent; express companies, 2 per cent. Banks and stock insurance companies are set at 1 per cent upon the book values of their shares; mutual insurance companies are set at 4 per cent, sinking regularly to 3 per cent in eight years, upon the computed incomes, savings banks and building and loan associations, at .4 per cent of taxable deposits and the sums due members.

Such changes of base and rate it is computed would now mean a net increase of some \$215,000 in the state's revenues from corporations, or about 7 per cent of the yield for 1912; but it is counted confidently that the natural expansion of business and gross earnings would bring a marked increase in the future.

For much the greater part there can be no hesitation in following

the reasoning of the report or in accepting its statements. A notable feature of the recommendations is their adoption of a fair, even a generous interstate comity in the apportionment of Connecticut's share of the charges upon interstate corporations, as the car companies. In the computations from the old bases of taxation to the new there is a great deal of rough and ready assumption and broad allowance; and, as in some cases hundreds of thousands of dollars of revenue are involved, the hasty reader might charge the commissioners with carelessness. But, on the whole, they are doubtless justified in seeking harmony and simplicity, with consequent intelligibility, even at the apparent or temporary cost of minutely exact justice. Time will adjust much.

Every thoughtful reader of any volume will have doubts here and there. I doubt the propriety of reducing the taxes upon Connecticut's very prosperous stock insurance companies from \$318,629 to about \$182,000 (p. 142). The commissioners themselves admit that the unconditioned acceptance of book values of bank stocks might permit some evasions of taxes (p. 134). Is a tax of .25 per cent on savings bank deposits "distinctly moderate" in comparison with a tax of 1 per cent on the capital of commercial banks (p. 171)? When a commission is advising so many important changes in the taxation of corporations generally, and when in particular it is advising great changes in the charges upon stock insurance companies, I can see no good reason for continuing to tax such insurance companies with commercial banks rather than with the mutual insurance companies. One omission of moderate importance is seen in the scope of the commission's work. No account is taken of the taxation in Connecticut of insurance companies chartered in other states.

Special attention should be called to the very full and accurate presentation of descriptive and statistical materials, some of these doubtless prepared at the cost of much labor. One might even query whether it was worth the cost to trace in such minute detail the historical development of each form of tax, from its first use till now. Some, however, may find the report of special value just because of this fullness of minute detail. One appendix alone is enough to make the report very valuable to every serious student of American finance. Here, to the extent of 37 pages, is found an up-to-date summary of methods of taxing public service corporations in other states.

Middletown, Connecticut.

WILLARD C. FISHER.

NEW SOURCES OF REVENUE FOR NEW YORK CITY. In January,

1911, Mayor Gaynor appointed an advisory commission of citizens to coöperate with the budget committee of the board of estimate and apportionment "in ascertaining and reporting on new sources of city revenue." The report (*Report of the Commission on New Sources of City Revenue*, City of New York, January 11, 1913, pp. 116) contains many recommendations and suggestions, some of which are of considerable importance; others are novel and interesting, while most of them are relatively unimportant. Very few of the proposals would, strictly speaking, provide "new sources" of revenue.

A proposition to tax the unearned increment of land has attracted much attention and aroused a storm of protest from the real estate interests. "We have sought," the commission explains in its prefatory remarks, "to place the burden of local government on those forms of property which represent values largely created by the community itself." Accordingly, no effort was made to find sources of revenue that would reduce the tax on real estate, which already yields 77 per cent of the city's income. Instead, it is recommended that a special tax, such as is now found in England, Germany, and other European countries, be levied on all future increments in land values. These foreign increment taxes are collected at the time of the sale or transfer of property, or else at regular intervals of several years. This method the New York commission rejects in favor of one which is regarded as less cumbersome, and at the same time more regular and uniform in its yield. The proposal is, in brief, to tax *annually* all increments in land values accruing in the future, much as existing land values are now taxed. Site values and the value of the improvements are already separated in the real estate assessments. The commission proposes to make the assessed values of land for 1912 the base from which to measure all future increments. Henceforth, land appreciating in value would, therefore, pay the real estate tax, just as at present, and in addition a tax of one per cent on all values in excess of the 1912 assessment. Increments arising from improvements, such as grading, water connection, lighting, sewerage, paving, etc. would be deducted from the increment taxed, where paid for by the owner of the property.

Another important recommendation would reduce the personal property tax to three mills on the dollar, with no offset for indebtedness. This does not look, at first sight, like a new source of revenue, but experience in other states has abundantly proved that revenue is increased by placing a low uniform rate of taxation on intangible personal property. The existing property tax in New York city

is equal to 54.9 per cent of the income of a $3\frac{1}{2}$ per cent security, and inevitably leads to wholesale evasion. The proposed tax of three mills on the dollar would absorb not over 10 per cent of the income from a 3 per cent security, or 6 per cent of the income from a 5 per cent investment. With this lower rate the commission believes that wealthy corporations and individuals would no longer be driven to acquire a legal residence elsewhere in order to escape confiscatory taxation.

In addition to these two important recommendations, the commission makes no less than 24 others. Some of them, however, aim to secure increased economy and efficiency, rather than increased revenues.

Of special interest is a proposition to tax billboards, signboards and electric signs, on the theory that their value is created by the community and is proportionate to their area and the value of the real estate occupied. The plan of the commission is to place an annual charge on each square foot of advertising signs equal to 2 per cent of the assessed front foot value of the land occupied.

Another important suggestion is that steps be taken to secure adequate payment for the privilege of constructing and using vaults under the sidewalks and streets of the city. At present but a single payment, and that a nominal one, is required. It appears that the revenue from this source could be increased many fold by fixing an annual charge based upon the assessed value of the adjoining land.

Other recommendations include the extension of vehicle and hack-stand licenses, an increase of county and other fees (though all fees are to be paid into the treasury and county officers paid regular salaries), the use of water meters, a more profitable disposition of the city's unused real and personal property, scientific management of prison labor, the use of the principle of special assessments in financing rapid transit extensions, and wholesale markets controlled by the city. The pending constitutional amendment giving cities the power of "excess condemnation" is also commended.

Each important recommendation made by the commission is supported by one or more appendixes, numbering 34 in all and forming the main bulk and probably the most valuable part of the report.

C. C. WILLIAMSON.

TAX ASSESSMENTS IN NEW JERSEY. The commission created in the spring of 1912 to investigate assessments in the state of New Jersey has submitted its report (*Report of the Commission to Investigate Tax Assessments in the State of New Jersey*, 1912, pp. 64). This com-

mission consisted of five members, *i.e.*, the president of the state board of equalization, a member from each house of the legislature, and two citizens appointed by the governor. The commission held numerous public hearings throughout the state and consulted freely with tax officials.

As to the present administration of the general property tax the usual indictment is drawn: lack of uniformity and inequity in the assessment of different parcels of real estate in the same tax district, and between different tax districts; an absurdly arbitrary and unsystematic assessment of personal property, an equally unsystematic assessment of most kinds of public utility corporations, and "an entire lack of coördination or effective responsibility. . . . The assessments of the state amount to more than 2 billion dollars and the state and local revenue based thereon amounts to 45 million dollars. Yet, outside of a few cities, the officials upon whom the duty is imposed of equally distributing this burden are insufficiently paid and unprovided with proper working equipment or records. The initial valuation for assessments is made by some 500 officials working independently in as many districts, with little guidance or help. Such attempts at uniformity as are made are confined to the tax districts of a county, and there is practically no effective supervision over the counties."

These evils the commission would remedy chiefly by a thoroughgoing revision of the state's tax assessing machinery. They would have greater centralization and a more definite allocation of responsibility. A state board of equalization should have the power to secure, and be held responsible for, uniformity and equalization throughout the state. To this end it should have the power, among other things, to remove, after proper hearing, incompetent county and local tax officials. For the purpose of aiding the board in its work there should be a state supervisor who should be at the head of the routine administration of assessment work throughout the state. In every county there should be a county assessor who should likewise have general supervision over all local assessments throughout his county and be held responsible to the state board for the accuracy and equality of the assessments. This county assessor would be one of the three members of the county tax board, and would give his entire time to the duties of his office. Tax districts that are too small to require the entire time of a competent man should be consolidated for assessment work, and adequate compensation should be given. Cities should be assessed as a unit by one assessor or board.

In addition to these recommendations looking toward greater centralization of the machinery of assessment, the commission makes a number relating to the assessment of particular kinds of property. Such public utility property as is now locally assessed should be assessed by the state board of equalization with the aid of data furnished by the public utilities board of the state. Household furniture and personal effects should be exempt, and the present farcical poll tax should be abolished. The present method of taxing banks and trust companies should be discarded in favor of a uniform tax of one per cent on capital, surplus, and undivided profits, with no deduction for exempt securities.

Other recommendations worthy of note are those favoring the gradual introduction of tax maps throughout the state, the simplification of the procedure of appeal to boards of equalization, and the substitution of a semi-annual period for the present annual one for tax collections.

The report is a creditable one, and is particularly valuable in the plan it offers for securing greater centralization of control and of responsibility in the matter of assessments.

E. W. K.

TAXATION IN OHIO. In the *Recommendations of the Tax Commission of Ohio* (Columbus, 1913, pp. 123), a bill is presented making such changes in the tax laws as the commission believes necessary to carry out the constitutional mandate that all property shall be taxed by a uniform rule at its true value in money. Notes explaining the proposed changes are also presented.¹

On the administrative side, the bill would substitute for elective assessors and for local boards of review and equalization a system of appointive county assessors and boards of review. It also proposes a number of changes in rules of valuation and of situs, in the powers of assessors and boards of review, and in the provisions for the collection of taxes. Most important of these are the following: (1) The so-called "unit rule," now applied in the valuation of all public utilities, is to be applied to all corporations, although the present franchise tax on the capital stock of corporations is not to be changed. (2) The present exemption of the shares of all domestic corporations and of foreign corporations, at least two thirds of whose property

¹ Mr. Clarence D. Laylin of the Attorney-General's department and the writer coöperated with the commission in drafting the bill and preparing the explanatory notes. The policy of the bill was determined by the commission alone.

is taxed in Ohio, is to be withdrawn, and shares of all corporations are to be taxable to their holders at full value unless the entire corporate property is taxed in Ohio. (3) Mortgage loans are to be taxed without deduction for indebtedness, whereas they are now in practice treated as credits, although the law has not been perfectly clear. (4) Mortgages on real estate and on the property of corporations, situated within the state, are to be taxed where the property is located, thus taxing investors in mortgages and bonds, whether residents or non-residents. Residents are also to be taxed on similar investments outside the state. Mortgaged property is to be taxed without deduction, as now. (5) Assessing officers are to be given the right to inspect real estate and tangible personal property and to compel the exhibition of evidences of investment or indebtedness in whosoever custody, under pain of contempt proceedings. (6) Valuations returned by the taxpayer are merely for the guidance of the assessor. (7) Real estate is to be valued annually instead of quadrennially. (8) The state tax commission is to equalize valuations of personal property, as well as of real estate.

The bill met a great deal of criticism, chiefly from corporation sources, with regard to the unit rule and the taxation of shares, and from insurance and building and loan companies, which objected to the proposal to tax mortgages without deduction for debts. Much was also made of the inquisitorial features of the bill, although those are in the main merely re-enactments of the present law. The result of the agitation has been to postpone action on those parts of the bill which affect the method rather than the machinery of assessment.

The bill has, however, formed the basis of several bills which have been introduced in the legislature. One of these incorporates most of the provisions of the tax commission's bill which relate to the collection of taxes, and will probably be passed. Another, after repeated revisions, provides for county assessors to be appointed by the governor and boards of review to be appointed by an ex-officio state board. Assessors are to have an indefinite tenure, and both they and members of boards of review are to be removable by the tax commission "whenever in its judgment the public interest so requires." This bill has the sanction of the administration and will doubtless be passed at the present session.

It is expected that the larger problem of so revising the general tax law as more effectively to carry out the constitutional mandate will be attacked at a special session of the legislature to be called next winter. Whether the solution proposed by the tax commission or

some other method will be followed cannot now be foreseen. Any proposal to enforce the constitutional rule raises a strong protest. On the other hand, a strong element in the state, headed by the tax commission itself, finds in the uniform rule the only just method of property taxation. That rule was reaffirmed in the constitutional amendment adopted by a large majority only last year, although but 24 per cent of the electors of the state voted on the amendment. Several proposals to give the legislature greater freedom in tax matters have failed of adoption in recent years, not receiving a majority of all votes cast *at that election*. There seems reason to think that a rigid enforcement of the constitutional rule may be necessary before the electors of the state become sufficiently interested in the problem to register a representative vote on a taxation amendment.²

O. C. LOCKHART.

THE NORTH DAKOTA TAX COMMISSION. In 1911 the North Dakota legislature passed an act creating a non-partisan tax commission. In 1912 Governor John Burke appointed a commission of three. Although without any funds at its disposal, the commission began its work immediately, in order that a report might be submitted to the 1913 legislature. As a result, the *First Report of the North Dakota Tax Commission* was issued in November, 1912 (Chairman of the Commission, L. E. Birdzell, Bismarek, N.D., pp. 223). The report contains sixteen chapters, each devoted to some specific topic, such as the general property tax, the personal property tax, taxation of corporations, the inheritance tax, the classification of property, the assessment of property, etc. In the discussion of each one of these topics, general principles are first set forth, followed by a description of the present system in force in North Dakota, and comparison is made with practices in other states. The report closes with recommendations for the purpose of guiding legislation. While the report presents a mass of statistical data, this matter is

²Since the above was in type, the bill has been passed with amendments providing that the boards of review (or complaints) are to be appointed by the tax commission. Both they and assessors are removable by the commission with the consent of the governor. Real estate will be valued annually and the tax commission will equalize the valuations of both real and personal property. The legislature has just refused to submit to the electors an amendment providing for classification of property for taxation, although it submitted an amendment restoring the exemption of public bonds, which had been removed from the constitution by the amendment adopted September, 1912.

subordinated to the observations and comments of the commissioners.

Some of the commissioner's recommendations were adopted by the recently adjourned legislature, only to be vetoed by the governor, who is not in sympathy with the tax commission idea. In fact the fate of the commission is still in doubt. The 1911 statute, creating the commission, provided that the governor should appoint the commission July 1, 1912, and the names of the members should be subject to ratification by the 1913 legislature. The legislature which meets biennially ratified the appointments made by Gov. Burke and also appropriated \$40,000 for the biennial period. Gov. L. B. Hanna, however, vetoed that part of the bill providing the appropriation, thus leaving the commission without any funds to work with, not even for salaries. It was in the name of economy that the governor cut off the appropriation, claiming that the farmers could not afford to spend that much money, and he defended his action on the ground that one commissioner could do the work just as effectively as three. The commission, however, has refused to yield, and has decided to remain in office and serve under the general act of 1911. The commission takes the position that no specific appropriation is necessary, and the courts have ordered the state auditor to show cause why the salaries should not be paid.

MEYER JACOBSTEIN.

REPORTS OF THE ARIZONA TAX COMMISSION. Although scarcely a year has elapsed since the Arizona Tax Commission was established, three important reports have been issued. The cause leading to the preparation of these reports in such a short time is the widespread dissatisfaction with the system of taxation handed down by the old territorial government to the new state.

The first report of the commission, issued only a few weeks ago, laid bare the existence of perhaps no grosser abuse of privilege and of no greater inequalities in taxation than have been found in several of the older states. The findings of the commission, however, are convincing evidence that, first, the new state was in great need of a tax commission, and, second, that additional powers are indispensable to the effectiveness of its work. Under the present law the efforts of the commission to equalize assessment between counties can be and are practically negated by the actions of the county boards in responding to local pressure brought by influential property holders. An appeal has been made to the legislature to grant the additional powers necessary to enable the commission to whip the offenders into line.

The most important question with which the tax commission has had to deal, and which is at present the most highly controverted question in Arizona, is the problem of mine taxation. Arizona is the greatest copper-producing state in the world, and since the copper-mining industry engages a large percentage of all the workers in the state, and also employs much of the invested capital, the matter of taxation of mines is of unusual importance.

A third special session of the legislature has just been called for the purpose of enacting among other things a new mine tax law. At this writing no one can forecast what will be done. Great difference of opinion exists on all sides. After a careful study, the members of the tax commission were unable to agree as to the proper method, and therefore presented two reports to the governor. The majority report recommends the enactment of a law providing for "proper classification of all producing mines on a graduated scale, and basing their annual assessable value on both their gross and net output." The minority report recommends the application of the Finlay method as followed in Michigan.

The mining men after a series of conferences have also had great difficulty in coming to an agreement and frankly admit that the plan proposed by them is a compromise measure embodying the entire belief of no one of them. They object to the plans proposed by the commission and also to certain plans proposed by members of the legislature. The mining men are nearly agreed that the Finlay method cannot be followed in Arizona because the peculiar geologic conditions render it impossible to make anything approaching a satisfactory estimate of the size or value of Arizona ore bodies. The settlement of this controversy is in the hands of the third special session of Arizona's first legislature which is now in session.

H. A. E. CHANDLER.

Philadelphia is wrestling with the problem of finding new sources of revenue. Mayor Blankenburg recently delivered an address on *Equalization of Assessments and New Sources of Revenue* (pp. 32), in which he recommended that all, instead of only 75 per cent, of the personal property tax go to the city. So too with the mercantile tax. New sources suggested were taxes on automobiles, cigars and cigarettes, manufacturing, dogs, and an occupation tax. The larger part of the address was devoted to existing evils in assessments.

The results of the reassessment of mineral lands in Michigan may

be found in the *Report of the Board of State Tax Commissioners for 1911-1912* (Lansing, 1912, pp. 68).

The Tax Commission of Kansas publishes two documents: *Third Report Covering the Years Oct., 1910-1912* (Topeka, pp. 76); and *Third Report Containing Suggestions and Recommendations Concerning Legislation* (pp. 85). The latter contains summaries extending over a long period of years, and from the analysis it is argued that taxation "has increased most in the smaller municipal subdivisions, where the people have the closest or most direct control over public expenditures." The subject of assessment is treated at length.

The *Third Biennial Report of the Minnesota Tax Commission* (St. Paul, 1912, pp. 813) covers a wide range of financial topics. There are chapters on the taxation of mines and minerals, assessments, income taxation, land taxation with a review of experience in western Canada, railroad taxation, by Professor Robinson (referred to elsewhere), and cost of government in Minnesota, also by Professor Robinson.

The *Final Report of the Board of Commissioners on Revenue and Taxation for Utah* (Salt Lake City, Jan. 20, 1913, pp. 232) rehearses the shortcomings of a tax system when unsupervised county assessors compete with each other in undervaluation. It is recommended that the State Board of Equalization be given extended powers.

The *First Annual Report of the Colorado Tax Commission* (Denver, 1912, pp. 288) has also appeared. Here again the commission has had to struggle against the evasion of intangible personalty from assessment. As yet the commission has not been able to bring about desired reforms.

There have recently been published hearings before the Committee on Ways and Means on tariff schedules, as follows: *Schedule A, Chemicals, Oils and Paints*, Jan. 6-7, 1913 (pp. 1-432); *Schedule B, Earths, Earthenware, and Glassware*, Jan. 8-9 (pp. 435-947); *Schedule C, Metals and Manufactures of*, Jan. 10-14 (pp. 951-2169); *Schedule D, Wool and Manufactures of*, Jan. 13 (pp. 2173-2258); *Schedule E, Sugar, Molasses and Manufactures of*, Jan. 15 (2261-2491); *Schedule F, Tobacco and Manufactures of*, Jan. 17 (pp. 2495-2593); *Schedule G, Agricultural Products and Provisions*, Jan. 20-21 (pp. 2597-3253); *Schedule H, Spirits, Wines and Other Beverages*, Jan. 15 (pp. 3257-3311); *Schedule I, Cotton Manufactures*, Jan. 22-23 (pp. 3315-3384); *Schedule J, Flax, Hemp, and*

Jute, Manufactures of, Jan. 24-25 (pp. 3687-4101); *Schedule K, Wool and Manufactures of*, Jan. 27-28 (pp. 4105-4510); *Schedule L, Silks and Silk Goods*, Jan. 13 (pp. 4513-4669); *Schedule M, Pulp, Paper, and Books*, Jan. 17 (pp. 4673-4982); *Schedule N, Sundries*, Jan. 29-30 (pp. 4985-5739); *Free List, Miscellaneous, and Administration*, Jan. 31, Feb. 1 (pp. 5743-6345).

The testimony is arranged in an orderly way following the paragraphs of existing law.

Further reports of the President's Commission on Economy and Efficiency (see REVIEW, vol. II, pp. 733, 970) have appeared: *Report of the Investigation of the United States Patent Office* (Dec. 1912, pp. 624), and *Message of the President of the United States, Transmitting Reports of the Commission on Economy and Efficiency* (Jan. 8, 1913, pp. 923). The former contains a bibliography on the Patent Office, 1789-1912 (pp. 521-535). The second report deals with the business methods of the offices of the Adjutant General, Bureau of Insular Affairs, Surgeon General, Signal Corps, Department of Justice and National Bank Redemption Agency. Other documents are: *Message of the President of the United States, Submitting for the Consideration of Congress a Budget, with Supporting Memoranda and Reports* (Sen. Doc. No. 113, 62 Cong., 3 Sess., Feb. 26, 1913, pp. 433); *Hearings on the Sundry Civil Appropriation Bill for 1914, Hearings Relating to Certain Reports of the Commission Affecting Items in the Legislative, Executive, and Judicial Appropriation Bill for 1914* (Jan. 10 and 13, 1913, pp. 75); *The Administrative Purpose of the Accounting Methods and Procedures Which Have Been Installed in the Departments* (Circular 32, 1913, pp. 13); *Copy of a Letter Sent by the President to the Secretary of the Treasury Relative to the Submission of a Budget to Congress* (Sept. 19, 1912, pp. 8); *Special Message* (Mar. 3, 1911, pp. 6); *Message on Economy and Efficiency in the Government Service* (Apr. 4, 1912, pp. 12); *Retirement from the Classified Civil Service of Superannuated Employees* (Reprinted from H. Doc. No. 732, 62 Cong., 2 Sess., pp. 62); *Outlines of Organization of the Government* (Reprinted from H. Doc. No. 458, 62 Cong., 2 Sess., pp. 21); *Weather Bureau Correspondence Files* (reprinted for distribution by the President's Commission on Economy and Efficiency, Apr. 15, 1912, pp. 34).

On February 21, 1913 the Secretary of the Treasury transmitted to the Senate a letter on *Change in the Method of Handling Gov-*

ernment Receipts and Disbursements (Sen. Doc. No. 1103, 62 Cong., 3 Sess., pp. 16). Under the new order of the Treasury Department checks can be received and deposited in the subtreasury. By this method the receipts and payments of the government clear each other.

Insurance and Pensions

PUBLIC PENSIONS TO WIDOWS WITH CHILDREN. A series of bills providing for what are popularly known as widows' or mothers' "pensions" have been introduced into the legislatures of nearly a score of states during the past winter, and several of these bills have already been passed. Although these measures really provide for the extension of public out-door relief in the form of large money payments to widows with dependent children, they attempt in general to separate these "widows' pensions" from such public relief as is already being given by providing for the administration of the new funds through the juvenile court rather than through the offices which are now in charge of the distribution of out-door relief.

Many people interested in social questions have been thrown into an honest confusion of mind by these proposals. They recognize on the one hand that our methods of social treatment for dependent children, as well as for other dependent groups, are far from perfect and that it is necessary to be open-minded towards every proposal which may seem to make for social advance; but on the other hand it is impossible to forget that both the majority and the minority reports of the Royal Commission on the Poor Laws agreed that the policy of public out-door relief to widows with children in England had been a most unsatisfactory method of caring for dependent children. Social experiments involve heavy costs, and the Russell Sage Foundation has rendered a public service in providing a report on the "widows' pension" plans which are already in operation in this country so that other states may at least have the benefit of the experiments which are now being tried out (*Public Pensions to Widows with Children. A Study of their Administration in Several American Cities*, by C. C. Carstens, New York, Russell Sage Foundation, 1913, pp. 36).

Although the pension systems of four cities, San Francisco, Kansas City, Milwaukee, and Chicago are dealt with, the greater part of the report is given up to Chicago, where the experiment has been made on a large scale¹ and under favorable conditions.

¹ From July 1, 1911, when the Illinois "pension" law went into effect, to

The most important questions on which the report should throw light may be summarized as follows: (1) What is the exact situation that such laws are designed to improve and is there no safer remedy? (2) Has the administration of a pension law through the Juvenile Court proved satisfactory? (3) Is the present experiment one which has a reasonable chance of improvement or is it likely to follow the universal experience with out-door relief and become a menace to the community?

(1) With regard to the first point, the report gives little help. As the subtitle suggests, it deals largely with questions of administration, and the more fundamental question of whether or not such pension arrangements were necessary is scarcely noticed. This is, however, a point of the utmost importance. Heavy as the costs of an experiment in public pensions may be, the question of our willingness to pay depends on the need for such experimentation. It is, therefore, essential that we know, first, how many children were being taken from mothers competent to rear them and placed in institutions; and, if the number is relatively small, whether a better coördination of work between the Juvenile Court, which deals with dependent children, and the organized private charities of the city, which are supported for the very purpose of keeping families together, could not have met such need as existed without the risks involved in a new experiment with public out-door relief. The report fails to make clear the fact that no one has tried to ascertain how many children in Chicago were being separated from mothers competent to care for them. The Illinois Juvenile Court Law places in the same group neglected children who are taken from cruel, immoral, or otherwise unfit parents, and bona-fide "dependent" children, such as the children of competent widowed mothers; and the reports of the Juvenile Court have never indicated how many children of the latter class have come into court, nor what disposition has been made of those brought in. Not only is the question of the number of dependent children ignored, but the report is equally silent as to the means already at hand for their care. And yet it is a matter of great importance that a single private organization in Chicago, the United Charities, disbursed a budget

September 3, 1912, when Mr. Carstens began his investigation in Chicago, 1,450 applications for pensions had been filed in the Cook County Juvenile Court; and in October, 1912, 503 women with 1,700 children were receiving pensions which cost in that month \$11,713. It is estimated that the cost of these pensions exclusive of the cost of administration will not be less than \$200,000 during the current year with the prospect of a large annual increase.

of over \$300,000 during the year when the pension law was passed and cared for 3,018 widows, 1,163 deserted wives, 172 divorced and 121 unmarried mothers, a total of nearly 5,000 dependent mothers. Such an organization alone could easily have supported the relatively small number of "competent" mothers that may have made the mistake of asking the court to send their children to institutions instead of asking for the help of one of the relief societies. In short, the report fails to show that what was needed in Chicago was not the creation of costly new machinery but a satisfactory method of coöperation between the United Charities and the Juvenile Court. The simple expedient of having a special agent representing this great private organization present during the Juvenile Court Sessions would have placed within convenient reach of the court the resources already available for the care of widowed mothers and would probably have made the suggestion of a widows' pension law with its attendant social risks impossible.

(2) On the second point, that of the administration of the law in Chicago, the report throws a great deal of light. With regard to the general method of procedure it should be noticed that although the administration of the new pension law is placed under the judge of the Juvenile Court, who has charge of the disposition of dependent children, rather than under the county agent, who has charge of the public relief funds, the actual payment of these mothers' pensions is made through the office of the county agent and he reserves the right to make an independent investigation to determine whether or not the applicant shall be granted one.² As a matter of fact, although nominally cared for by the Juvenile Court, the pensioned mothers are not paid weekly by the probation officers but are obliged to stand in line and collect their pensions publicly each month at the county building.

The unique feature of the Chicago plan is an extra-legal case committee. The judge of the Juvenile Court, foreseeing some of the dangers involved in a public pension plan asked the coöperation of the private charitable agencies in administering the law.

²"The separate investigation made by the county agent's department while contributing materially to the facts about the family, was found to be made frequently with a brutality to which no applicant for assistance should be exposed. Insinuations were made regarding immoral conditions in the neighborhood inquiry about the widow which were based upon neither facts nor suspicions, but which the county representative threw out to arouse interest in his inquiry, and by means of which he hoped to get incriminating information" (p. 17).

A pension case-committee of seven was organized, consisting of the chief probation officer and his deputy, who had no votes on the committee, one member representing the United Charities, one member representing a group of other private non-sectarian agencies, two representatives of the Catholic charitable agencies and one representative of the Jewish relief societies. This case committee has been holding semi-weekly meetings during the past year, and the judge acts largely on its recommendations as to the granting of pensions.

In attempting to ascertain the success of the present method of administering this law, Mr. Carstens employed a small group of experienced social workers, who carefully investigated 100 of the 503 pensioned mothers. These 100 cases selected for investigation were, we are told, selected "at random," but unfortunately we are not told how many of these women had been pensioned by private societies like the United Charities or the Jewish Aid Society before they were placed on the public pension roll, nor whether they had been under public supervision one month or eighteen months; nor are we told whether they were placed on the pension roll on the recommendation of the case committee or whether they were granted pensions before the organization of this committee when less care was exercised in the selection of pensioners.

After a thorough study of these 100 pensioned families, Mr. Carstens reaches a series of conclusions of varying weight and importance. He believes, for example, that in 64 of these cases (question no. 1) the probation officer's investigation was not "adequate," but in spite of that fact he finds (question no. 10) that in only 10 cases were the standards of the family such that the home should not be maintained for both mother and children. He finds (question no. 2) that in only 14 cases was the "probation officer of the type to render the necessary service," and yet (question no. 11) in 58 cases improvements are noted over the care that the family had previous to the pension period; and he notes (p. 23) that "it was interesting to find that in a large majority of the families visited there was no evidence of wanton recklessness, extravagance or foolishness in the expenditure." He finds also that in spite of the poor service rendered by the the probation officers, the school attendance of the children is satisfactory in 72 of the families (question no. 6); in 10 others, which he incorrectly classes as "doubtful," the children were either too young to go to school or his investigators failed to get information on this point. The report shows further that in 86 cases the

mother is with her children a reasonable period of time; that in only 24 is "there evidence in the mother's and children's attitude of undue dependence," a condition difficult to determine and one which could hardly be attributed in so short a time to the existence of the court pension; that in 59 the relief given is adequate—a very good showing in the face of Mr. Carstens' statement (p. 26) that "the idea of adequate relief is a new one for most charitable agencies." It should be noted that in attempting to determine in how many cases the pension is adequate, Mr. Carstens falls into the serious error of talking about an "average pension," a term that is surely quite as valueless as the old "average wage."

Question 9, "Have the church, relatives, employers or private societies maintained the same measure of interest as before the pension began?" is of little value since private societies should not be included in the same group with employers and relatives. The report fails to note that in Chicago the private societies deliberately turned over the great bulk of their pension cases to the court.

Attention should be called to the fact that Mr. Carstens judges the working of this law in Chicago by the highest standards of social work rather than by the existing standards of social work in Chicago; no attempt is made, for example, to compare the condition of the families pensioned by the court with the condition of the families pensioned by the best private agencies in the same city. The most serious criticism Mr. Carstens makes on the administration of the law centers on the unfitness of the probation officers to serve as almoners. But again no comparisons are instituted between these agents and the visitors of the private societies in Chicago. In attempting to decide whether or not the public pension work is satisfactory in Chicago, it would be helpful to know whether or not the private pension work is any better. It is to be expected that both are far below any standard of abstract perfection.

(3) The third point, however, is a more crucial one. The fact that the present system of administration is faulty would not be serious if there were hope of improvement, but unfortunately the outlook is all in the other direction. It cannot be too strongly emphasized in judging of the results of the Illinois experiment that it has been tried under exceptionally favorable conditions since it has been from the start under the administration of a judge who is not only conspicuously honest and disinterested, but, what is more rare, genuinely open-minded and eager to accept suggestions and advice from those experienced in social work. To judge fairly of the possibilities of this law, we must realize that the next juvenile

court judge may sweep away the volunteer committee and the other safeguards which Judge Pinckney has devised, and precipitate chaos and corruption at any moment. The judge of the Juvenile Court in Chicago is chosen annually from among the group of circuit judges who are elected every four years, and it can only be described as a happy accident that this new law should have been first tried out by an intelligent and conscientious judge.³ Indeed, the fair-minded reader of this report will probably believe that it is the instability of the present system of pensioning widows in Chicago rather than its faulty administration which is most alarming. Special consideration should therefore be given to Mr. Carstens' recommendation that "if widows' pensions are needed in our various states, some other agency than the juvenile court should be charged with their administration."

And finally, the broader recommendations at the conclusion of Mr. Carstens' report should not be overlooked. It is pointed out (p. 27) that some of the states which have left the pensioning of widows with dependent children to private agencies "are pointing the way to a better solution. They have discovered the causes of some of the deaths which have brought about widowhood, and have passed laws for their prevention. They have discovered that deaths from accident and from industrial and other preventable diseases constitute a considerable proportion of the total number. They have better protected the living so that there might be fewer widows and dependent children. They have passed workmen's compensation and employers' liability laws, so that the industry and the consuming public might carry the expense that comes as a result of the risk involved in the production of goods. They have passed insurance legislation which has decreased premiums and encouraged thrift."

EDITH ABBOTT.

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³ For example, with regard to the very important point of pensions for deserted wives, Mr. Carstens says, "Such intelligence as is being shown in the administration of the Illinois law in refusing to consider the pensioning of families in which the father has recently deserted, in which there is but one child, or in which the children would for various reasons be injured rather than benefited by remaining with the mother, is due to careful consideration given each case by the case committee, and to the staunch way in which the judge has supported their work. The law itself requires no such safeguards. The committee is there only at the request of the court, and it is doubtful whether a community can for any length of time withstand the application of a much broader interpretation to a law so loosely drawn, a law which does not even limit its benefits to mothers, but permits the pensioning of both parents" (p. 23).

OHIO'S COMPULSORY WORKMEN'S COMPENSATION ACT. In 1911 the legislature of Ohio enacted an *elective* workmen's compensation act and provided for the establishment of a state insurance fund. The main provisions of that law and certain features of its administration have already been described in the pages of this REVIEW (vol. I, pp. 637-639; vol. II, pp. 432-433; 733-734). The adoption of an amendment to the state constitution during the summer of 1912 made it possible to have a *compulsory* law in Ohio, at least so far as the state constitution is concerned. The Ohio legislature has taken advantage of this situation to enact a compulsory compensation act, introduced by Senator Green, which becomes effective January 1, 1914. The new act follows in the main the act of 1911 which it supplements rather than repeals. Aside from the all-important compulsory feature the principal modifications of the 1911 act are as follows:

(1) The state and its political subdivisions, including school districts, are required to insure their employees and to pay stated contributions to the state insurance fund.

(2) All employers having regularly in their employ five or more workmen must provide compensation for their injured or killed employees according to the rates provided by the act. They may do this in any one of three ways: (a) by subscribing to the state insurance fund; (b) by proving their financial ability and strength to meet the burdens of such compensation, and the state board may require them to give bond sufficient to guarantee such compensation; (c) through mutual associations of employers, provided employees are not required nor permitted to contribute to these funds. In all cases the rates and regulations prescribed by the state board are to be complied with.

(3) Employees are no longer required or permitted to contribute any part of the funds.

(4) Employers who comply with the provisions of this law are no longer liable to suits for damages under either the common law or the liability laws, provided they have not been willfully negligent and have complied with all the statutes and the orders of the chief factory inspector concerning the safety of their employees.

(5) Workmen who are injured while working for an employer who has not complied with the law may nevertheless claim compensation from the state insurance fund. The defaulting employer then becomes liable to a suit for damages instituted by the state board

to recover the compensation paid, plus an addition of 50 per cent of the amount as a penalty for non-compliance with the act.

(6) Employers having in their employ less than five employees may insure their workmen under this act but are not obliged to do so. In case they do not, they are liable, as heretofore, under the amended employers' liability law of 1910.

(7) The State Liability Board of Awards is to establish the rates for each trade, as heretofore, and is to keep a separate account of the money paid in every six months by each employer in the trade and the amount paid out in compensation to his employees. The employer is to be credited with any balance due him, and his payments for the next six months will be reduced by that amount. Any disbursements made on his account in excess of his contributions are to be collected from him. It is believed that this part of the plan will stimulate employers to take all possible precautions to prevent accidents.

(8) The rates of compensation (in general two thirds of impairment of earning capacity) and other benefits remain the same as under the elective law of 1911, but in some instances the amounts are made more definite, as in case of the loss of a finger, arm, eye, etc.

(9) The act provides that in case the courts declare any portion of the act unconstitutional, this shall not affect the constitutionality or validity of other portions or sections.

This act was one of the leading administration measures, Governor Cox giving it his strong support. In spite of a strong fight against some of its provisions by the liability insurance companies and certain employers, the bill received only two negative votes in the senate and none whatever in the house.

M. B. HAMMOND.

Ostensibly an attack on the first annual report of the Industrial Insurance Commission of the state of Washington, and essentially an attack on the compensation law itself, is a pamphlet entitled *Workmen's Compulsory Compensation System; State of Washington. A Proved Failure and a Business Menace*, by J. V. Paterson (Seattle, 1913, pp 24). The author is president of the Seattle Construction and Dry Dock Company. He assails the provisions by which the various funds would be liquidated, were the law to be repealed. He complains that the commission has neglected its reserves for continuing claims. Doubtless it is actuarially best to collect each year premiums large enough for all the obligations incurred in the year. But that means

preferring a heavy burden suddenly imposed to one gradually increasing—yet the author is far from inviting a heavier immediate charge. Under an assessment system employers must shoulder the burdens of bankrupt predecessors; will these really be large enough to frighten new business men away from Washington? The author believes affirmatively. Better directed is his attack upon certain inequalities in the awards to workmen of different grades; these should be readjusted. The final charge that the law is a tool for the agitator and union members is a distrust of state activity in general.

R. F. FOERSTER.

The *Report of the Oregon Commission to Draft a Workmen's Compensation Bill* is notable for its brevity. Apparently the principle is so generally accepted that exhaustive argument is not considered necessary. The Washington act is followed in the bill submitted. (Salem, Oregon, Executive Department, pp. 23.)

The Bureau of Labor continues its reprints of foreign insurance laws by issuing Bulletin No. 107, *The Law Relating to Insurance of Salaried Employees in Germany* (Washington, Sept. 3, 1912, pp. 67). There is an introduction by Dr. Henry J. Harris who also has undertaken the translation.

Exhibits of the Prudential Insurance Company of America describe the actuarial experience of this company, as presented to the International Congress on Hygiene and Demography, Sept., 1912. (Newark, N. J., pp. 79.) It throws much light upon occupational mortality.

Social Problems

The Thirty-fifth Annual Report of the Charity Organization Society of Buffalo, 1912 (Buffalo, 1912, pp. 79) carries on its title page "Poverty is growing less in Buffalo." In 1881 when the population of Buffalo was only one third of what it was in 1912 the number of families dealt with by the society was practically the same. In 1876, the year before the charity organization society was born, one tenth of all the people in Buffalo were on the poor books, not including the city poor in institutions. In 1882, within five years of the organization of the society, the percentage had been reduced to 3 per cent, and in 1912 to 1.1 per cent. "Poverty is a curable disease; it is being cured in Buffalo."

The Thirtieth Annual Report of the Charity Organization Society of the City of New York, 1882-1912 (New York, 105 East 22d St., pp. 120), illustrates the wide range of view taken in recent years

by charitable agencies. Several pages are devoted to the recent crisis in housing reform in New York city. There are chapters on the New York School of Philanthropy and the Charities Publication Committee, in which the work of industrial surveys is briefly summarized.

Library Bulletin No. 10 of the New York School of Philanthropy is devoted to the subject of *Infant Welfare* (United Charities Bldg., New York, March, 1913, pp. 4). The bibliography relates to the subject of infant mortality and the protection of working women who are bearing children.

According to the statistics collected in *Report of the National League for the Protection of the Family for 1912* (Rev. S. W. Dike, sec'y, Auburndale, Mass.), the number of divorces in New England increased in 1911 as compared with 1910. In 1910 the number was 4834, and in 1911, 5204.